

To the Members of the California State Assembly:

I am pleased to sign Assembly Bill 108.

This bill breaks new ground in the California health insurance market by prohibiting a health plan or insurer from rescinding, canceling, limiting the provisions or raising the premiums of an individual after 24 months. This bill will decrease the likelihood of inappropriate rescissions and more effectively enforce the existing limits on rescission. This bill also brings health insurance into line with other forms of insurance such as life and disability insurance. These providers are also legally prohibited from rescission of coverage after 24 months.

I am proud of the strong consumer protections the Department of Managed Health Care has successfully implemented over the past two years. The number of rescissions industry-wide has decreased significantly since 2005. Millions of dollars have been assessed against health plans; corrective action plans have been received and approved; revised consumer disclosures have been reviewed for literacy, consistency and compliance with the settlement agreements; and lastly, both the Department of Managed Health Care and the Department of Insurance are working together to ensure that all health plans meet the same standards of fairness and full disclosure. The market has changed – and it is because of my Administration's strong action in this area.

I appreciate the effort that went into this important measure and I believe it will bring consistency and security to the lives of many Californians.

Sincerely,

Arnold Schwarzenegger